

# Army Acquisition Reform Newsletter

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Army Acquisition Reform Web Site: <http://acqnet.sarda.army.mil/acqref/default.htm>  
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## AWARD TERM CONTRACT INCENTIVE USED AT USAMRAA

The US Army Medical Research Acquisition Activity (USAMRAA) awarded a \$79.4M contract to the American Registry of Pathology (ARP) on September 21, 2000. The contract provides support to the Armed Forces Institute of Pathology (AFIP) for Cooperative Enterprises in Medical Research, Consultation, and Education. The new cost reimbursement type contract provides for a base year of support services in FY 2001 for \$14.5M, plus four one-year options for the total award price of \$79.4M.

USAMRAA utilized three Acquisition Reform initiatives to provide AFIP with the latest in acquisition support that will meet their needs now and well into the future.

(1) Alpha Contracting: Professionals from AFIP, ARP, and USAMRAA combined their efforts in a team environment to define the Performance Work Statement (PWS), budget, and contract terms.

(2) Performance Based Service Acquisition (PBSA): The PWS defines the contract requirements in terms of performance objectives, placing the responsibility for *how* it is accomplished on the contractor. A Performance Assessment Plan is utilized to describe how performance will be measured against predetermined performance standards. AFIP management personnel will have more oversight and flexibility to work with ARP to meet mission budgets and needs.

(3) Award Term Incentive: As compensation for excellent performance, the contractor may be awarded an additional five contract years. Annual award terms are based on a formal evaluative process and do not require the regulatory procedures required of options. A total of five award term incentives may be awarded to allow a possible contract term of ten years. This type of long-term arrangement provides stability to the Government and contractor. It also saves time, money, and the associated lead-time required to negotiate new contracts.

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